



Ashmore Group plc

Results for year ending 30 June 2017

7 September 2017

- **Emerging Markets delivering strong returns**
 - GDP growth is accelerating
 - Improvement in cycle continues, recovery has further to go
 - Investors are structurally underweight EM
- **Strong investment performance; value still available**
 - Investment processes delivering (91% outperforming over one year, 86% three years & 87% over five years)
 - Fixed income returns supported by falling inflation and rate cuts, significant real yields available
 - Equity outlook and valuation differential supported by GDP growth
 - AuM +12% to US\$58.7bn, client flow momentum increasing with net inflows of US\$2.6bn in H2
- **Business model delivering good financial performance**
 - Revenues +11%
 - Costs well controlled, adjusted EBITDA margin increased from 62% to 65%
 - PBT increased 23% with strongly positive seed capital returns

Financial performance overview

- **AuM +12%**
 - Investment performance +US\$4.2 billion
 - Net flows +US\$1.9bn

- **Net revenue +11%**
 - Growth in management (+13%) and performance (+172%) fees partially offset by lower FX contribution

- **Adjusted EBITDA margin increased from 62% to 65%**
 - Operating costs +7%

- **Profit before tax +23%**
 - Strong seed capital returns, half of which was realised

- **Good cash generation**
 - Operating cash flow of £174.8m, equivalent to 109% of adjusted EBITDA
 - Seed capital programme generated significant cash through recycling

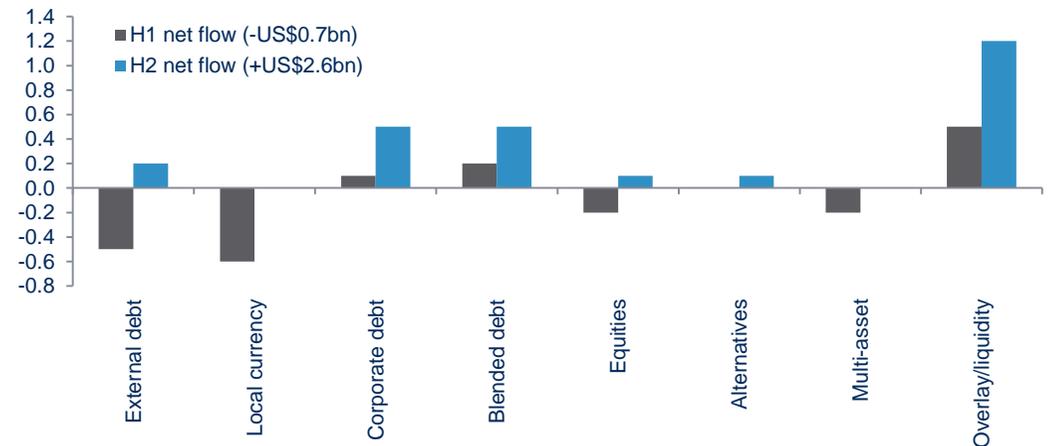
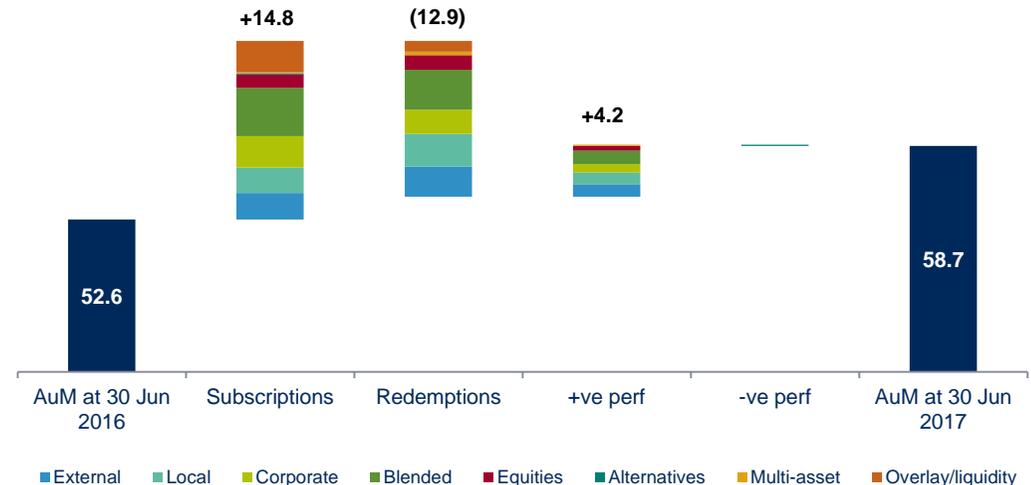
- **Final dividend 12.10p**

	Year ended 30 June 2017 £m	Year ended 30 June 2016 £m	Variance %
AuM (US\$bn)	58.7	52.6	12
Net revenue	257.6	232.5	11
Adjusted EBITDA	161.1	130.9	23
- margin	65%	62%	-
Seed capital gains	41.0	24.6	67
- realised	20.8	1.2	n/m
Profit before tax	206.2	167.5	23
Diluted EPS (p)	23.7	18.1	31
DPS (p)	16.65	16.65	-

Assets under management

- Gross subscriptions doubled to US\$14.8 billion, 28% of opening AuM (FY2015/16: US\$7.6 billion, 13%)
 - Client demand broad-based by theme, across both retail and institutional, and diversified by geography
- Gross redemptions fell to US\$12.9 billion, 25% of opening AuM (FY2015/16: US\$15.1 billion, 26%)
- Net inflows of US\$1.9 billion
 - Return to net inflows in H2, even with some large institutional redemptions
- Investment performance +US\$4.2 billion
 - Strong absolute and relative performance as expected at this point in cycle

AuM development (US\$bn)

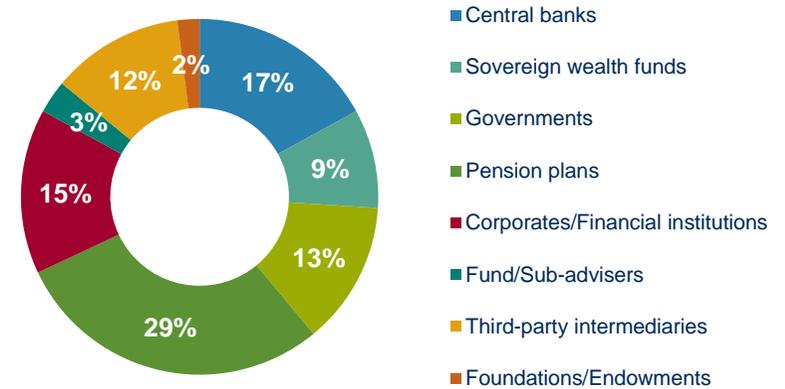


AuM recovery supported by strong fundamentals

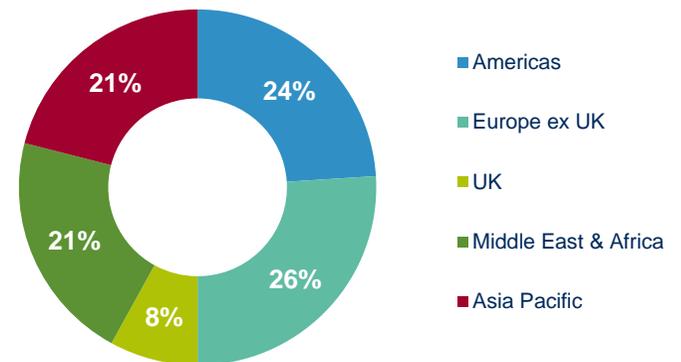
Clients

- Client base is diverse by type and geography
 - Global distribution network has maintained consistent client mix through the cycle
 - Broad-based demand
- Institutional investors are structurally underweight
 - Target weights <10% vs 20% index weight; typical allocations much lower
- Retail strategy delivering growth
 - 32% YoY growth in AuM, now 12% of Group AuM
 - US\$1.2bn net inflows
- Strategic growth opportunity in local fund management platforms
 - Resolved growth challenges (China, Turkey)
 - Other platforms developing as expected

AuM by client type



AuM by client location



High-quality diversified client base

Financial results

Revenues

	Year ended 30 June 2017 £m	Year ended 30 June 2016 £m	Variance %
Management fees	226.2	197.1	15
Distribution costs	(4.6)	(1.2)	n/m
Net management fees	221.6	195.9	13
Performance fees	28.3	10.4	172
Other revenue	2.7	4.1	(34)
Foreign exchange	5.0	22.1	(63)
Net revenue	257.6	232.5	11

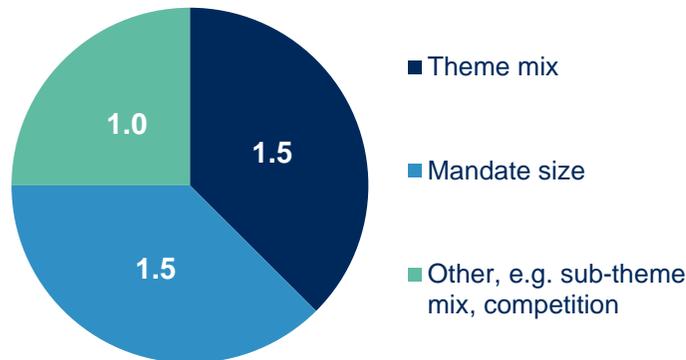
- Net revenue +4% excluding FX impact
- Performance fees of £1.4 million in August year-end funds (FY2015/16: £5.7 million)

Successful active management driving revenues

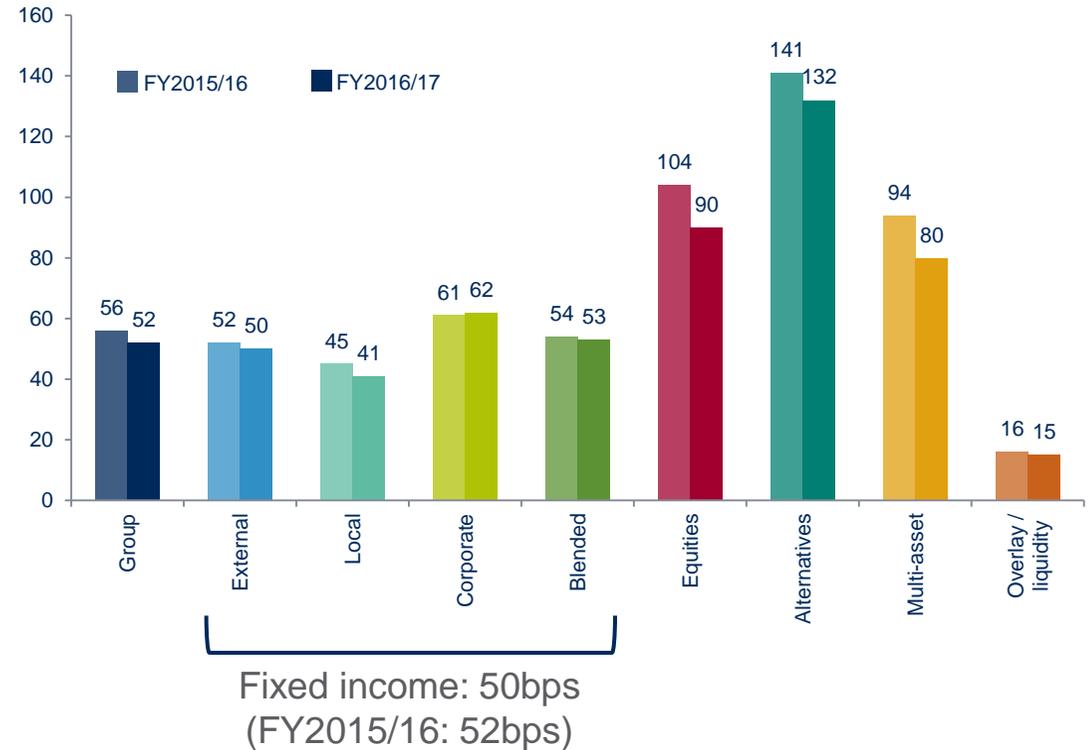
Financial results Management fee margins

- Theme mix and mandate size continue to be the dominant margin drivers
- Investment theme mix (-1.5bps)
 - Higher average AuM in overlay
 - Lower average AuM in equities, multi-asset
- Mandate size (-1.5bps)
 - Large institutional subscriptions in local currency, equities
 - Small ticket redemptions in external, local, equities, multi-asset

Margin movement YoY (bps)



Underlying average net management fee margins (bps)



Key drivers continue to be theme mix and mandate size

Financial results

Financial effects of seed capital

- Significant seed capital contribution of £41.0 million, of which £20.8 million realised
- Consolidated funds:
 - Line-by-line consolidation in financial statements
 - FX taken to reserves
 - PBT contribution of £12.8 million
- Unconsolidated funds:
 - Market returns including FX recognised in Finance income
 - PBT contribution of £28.2 million

	Year ended 30 June 2017 £m	Year ended 30 June 2016 £m
Gains/(losses) on investment securities	22.4	(5.7)
Change in third-party interests in consolidated funds	(12.5)	3.4
Operating costs	(4.9)	(2.4)
Finance income	7.8	4.7
Sub-total: consolidated funds	12.8	-
Finance income		
- market return	14.8	5.1
- foreign exchange	13.4	19.5
Sub-total: unconsolidated funds	28.2	24.6
Total profit/(loss)	41.0	24.6
- realised	20.8	1.2
- unrealised (mark-to-market effects & impact of consolidated funds)	20.2	23.4

Successful realisation of seed capital investments

Financial results

Expenses

	Year ended 30 June 2017 £m	Year ended 30 June 2016 £m	Variance %
Personnel expenses	(24.8)	(24.1)	(3)
Other operating expenses	(22.5)	(25.1)	10
	(47.3)	(49.2)	4
Depreciation	(1.0)	(1.2)	17
Amortisation	(4.5)	(3.9)	(15)
Total operating expenses before VC	(52.8)	(54.3)	3
Variable compensation (21% / 20% of EBVCIT)	(43.0)	(35.6)	(21)
Total operating expenses ex consolidated funds	(95.8)	(89.9)	(7)
Consolidated funds	(4.9)	(2.4)	(104)
Total operating expenses	(100.7)	(92.3)	(9)

- At constant currency, operating expenses pre VC and excluding consolidated funds reduced by 11% comprising:
 - Personnel expenses -4%
 - Other operating expenses -18%

Continued cost discipline

Financial results

Other P&L items

	Year ended 30 June 2017 £m	Year ended 30 June 2016 £m	Variance %
Net finance income	38.6	31.3	23
<i>Comprising:</i>			
- interest income	2.6	2.0	30
- seed capital: investment return & FX	28.2	24.6	15
- seed capital: consolidated funds income	7.8	4.7	66
Associates & joint ventures	(0.8)	(1.7)	53
Profit on disposal of JVs and subsidiaries	1.6	-	n/m

Strong seed capital returns

Financial results

Adjusted profits

	Adjusted FY2016/17 £m	Adjusted FY2015/16 £m	%
Net revenue	257.6	232.5	11
FX translation	(7.8)	(21.0)	63
Adjusted net revenue	249.8	211.5	18
Operating costs ex consolidated funds	(90.3)	(84.8)	(5)
VC on FX translation	1.6	4.2	(62)
Adjusted operating costs	(88.7)	(80.6)	(10)
Adjusted EBITDA	161.1	130.9	23
<i>EBITDA margin</i>	65%	62%	
Depreciation and amortisation	(5.5)	(5.1)	(8)
Total operating costs ex consolidated funds	(95.8)	(89.9)	(7)
Net finance income	2.6	2.0	25
Associates and joint ventures	0.8	(1.7)	n/m
Seed capital-related items	41.0	24.6	67
Foreign exchange translation net of VC	6.2	16.8	(63)
Profit before tax	206.2	167.5	23

Efficient business model continues to deliver high profitability

Financial results

Earnings

	Year ended 30 June 2017 £m	Year ended 30 June 2016 £m	Variance %
Profit before tax	206.2	167.5	23
Tax	(36.7)	(38.8)	5
Profit after tax	169.5	128.7	32
Profit attributable to non-controlling interests	(1.9)	(0.9)	<i>n/m</i>
Profit attributable to equity holders of the parent	167.6	127.8	31
Earnings per share: basic (p)	25.1	19.1	31
Earnings per share: diluted (p)	23.7	18.1	31
Dividends per share (p)	16.65	16.65	-

- Effective tax rate 17.8% vs 19.75% statutory UK rate predominantly due to tax relief on share vesting and exemptions on certain seed capital gains
- Effect of non-operating items on diluted EPS: FX translation (+0.7p), seed capital (+4.6p)

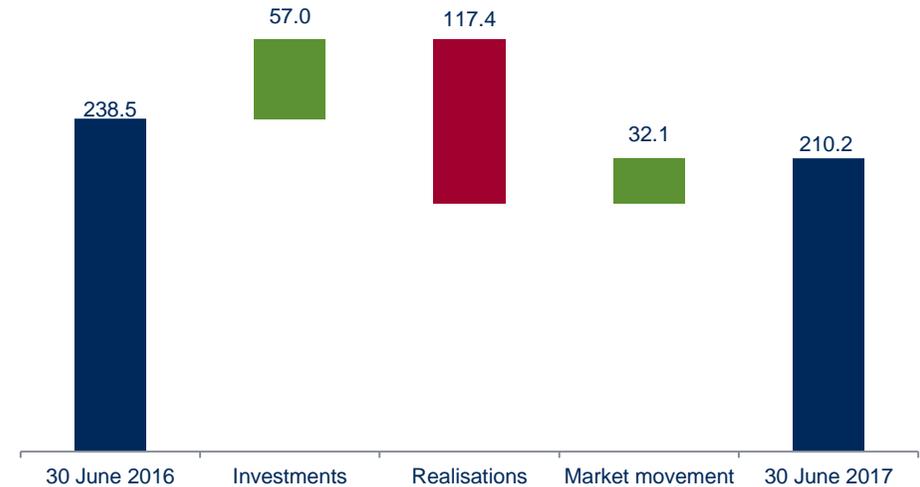
Increased earnings build dividend cover

Financial results

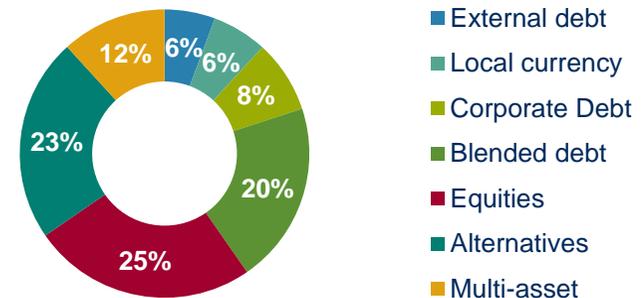
Seed capital

- Market value £210.2 million (30 June 2016: £238.5 million)
 - 54% in funds with at least monthly dealing frequency
- Profit contribution of £41.0 million
 - Approximately half realised in the period
 - On average, over past three years approximately 1/3rd of gains are realised
- Successful realisations of £117.4 million
 - Short duration and frontier equities
 - Indonesia, now managing over US\$1.0 billion following US\$75 million seed investment
- New investments of £57.0 million, e.g. Colombia, frontier equities, absolute return debt
- Local platforms now seeding own funds, e.g. Colombia, Indonesia
- Seeding has supported funds that represent 13% of Group AuM

Seed capital movement (£m)



Diversified across themes (% of market value)



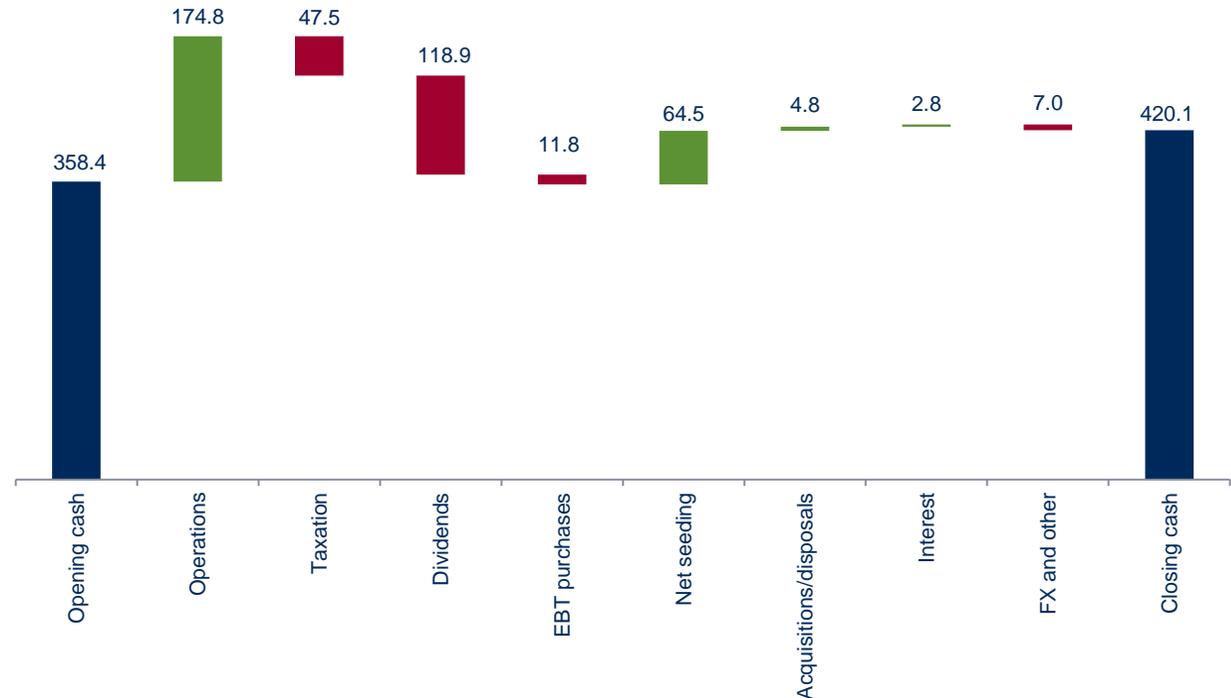
Active programme delivering strategic and financial benefits

Financial results

Cash flow

- Operations generated cash flow of £174.8 million ⁽¹⁾
 - 109% of adjusted EBITDA (FY2015/16: 97%)
- Distributed to shareholders through ordinary dividends
- Significant cash generation from successful seed capital recycling
- EBT share purchases to avoid dilution from employee awards
- Cash generated on restructuring of local platforms (Turkey, China)

Cash flow (£m) ⁽¹⁾



(1) Excludes consolidated funds. See Appendix for reconciliation to statutory consolidated cash flow statement

Consistent cash generation

Financial results Balance sheet

- Strong, well-capitalised, liquid balance sheet with no debt
- Excess regulatory capital of £448.3 million
 - Financial resources of £559.4 million ⁽²⁾
 - Pillar 2 regulatory capital requirement of £111.1 million
 - Proposed final dividend deducted
 - Excess capital equivalent to 63p/share
- Balance sheet is highly liquid (83%)
 - £420.1 million cash & cash equivalents ⁽¹⁾
 - £210.2 million seed capital, majority of which is in funds with at least monthly dealing frequency
- FX exposure is predominantly USD

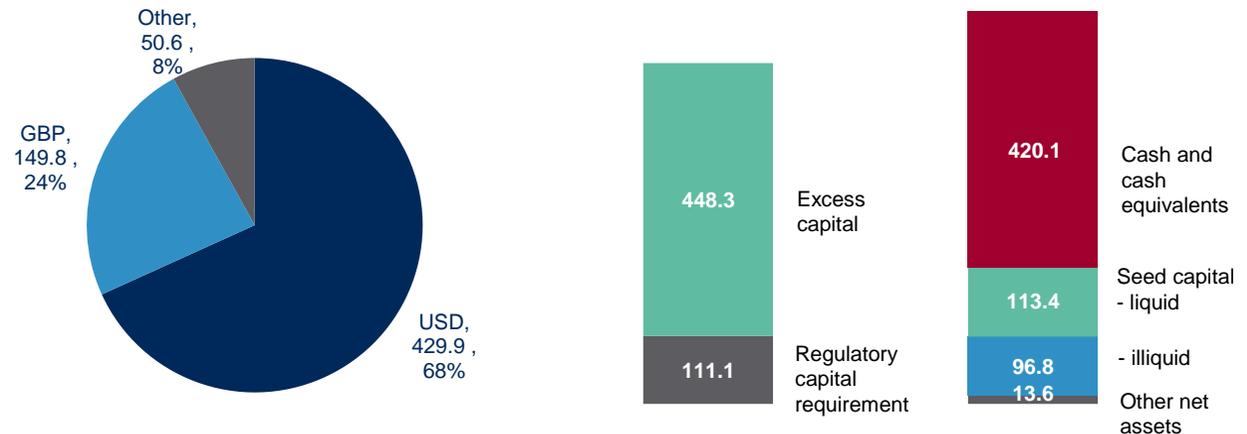
(1) Excludes consolidated funds. See Appendix for reconciliation to statutory consolidated cash flow statement

(2) Total equity less deductions for intangibles, goodwill, DAC, associates and proposed final ordinary dividend

Across cycles, stable cash balance & invested for growth with seed capital



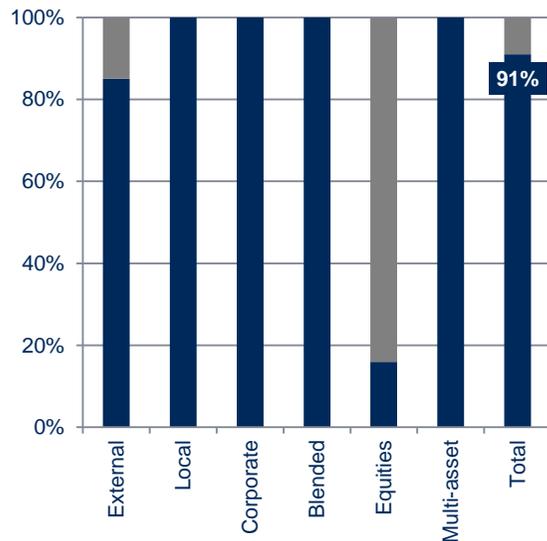
FX exposure: cash⁽¹⁾ & seed capital (£m) Financial resources of £559.4 million ⁽²⁾



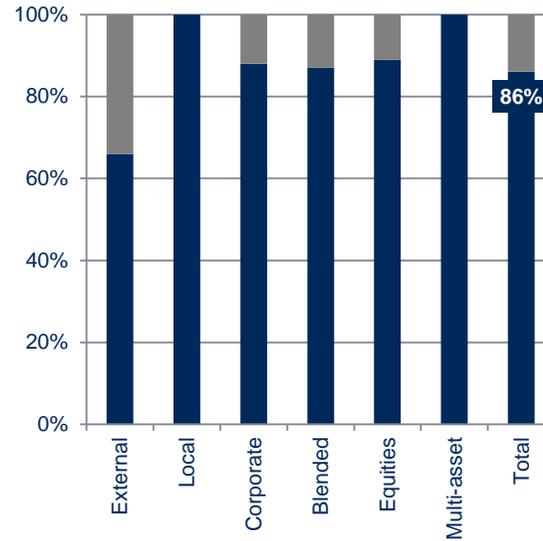
Strong, liquid balance sheet

Investment performance

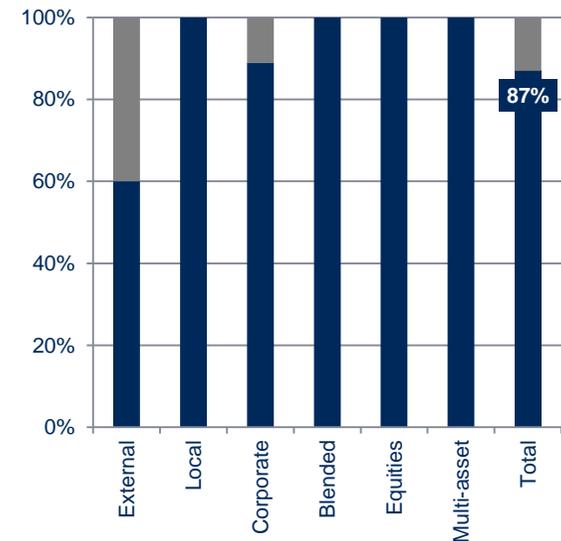
AuM outperforming versus benchmark, gross one year annualised



AuM outperforming versus benchmark, gross three years annualised



AuM outperforming versus benchmark, gross five years annualised



■ Outperforming ■ Underperforming

- Processes delivering strong investment performance after adding risk
- Equities weaker over one year; outperformance in global specialist funds, underperformance in some local funds with good absolute returns
- Significant improvement in corporate debt over three years (88% vs 22% in Dec 2016)

Strong investment performance as expected at this point in cycle

Market environment

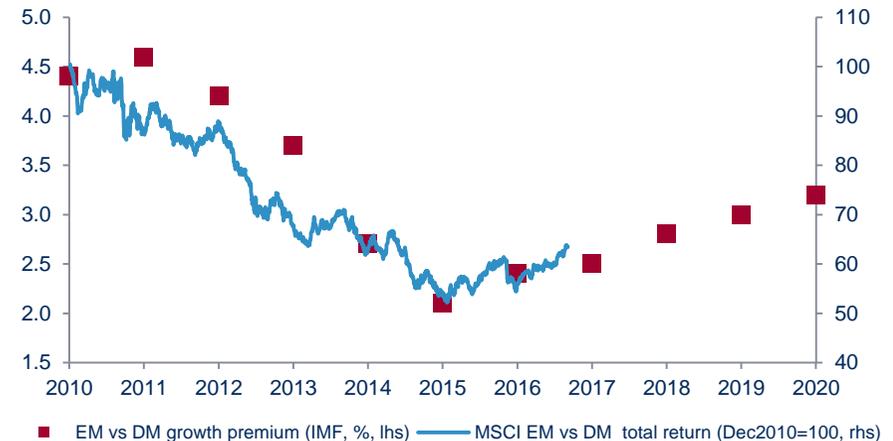
- Emerging Markets cycle has further to go
 - e.g. 10% p.a. potential returns in local currency from carry (6% yield) and FX recovery
 - Huge diversity across asset cycles and countries, active management can mitigate country risks
- Emerging Markets are at a very different point in the cycle vs DM
 - Significant macro adjustments in recent years
 - Competitive FX rates spurring GDP growth
 - Inflation falling, central banks cutting rates
 - Improving flows stimulating further growth
 - Investors are structurally underweight
- DM events cause price volatility with little effect on Emerging Markets fundamentals -> great value opportunity

	Emerging Markets	Developed Markets
Growth	Accelerating to 5%	Stagnant <2%
Inflation	High (4%) and falling	Low, rising?
Real yields	High (2.5%)	Very low or negative
Real FX rate	Undervalued, near 13-year low	US\$ is overvalued and weakening
Monetary policy	Tight, loosening	Very loose, tightening slowly
Typical investor	Underweight	Overweight

Real exchange rates are very competitive



Relative EM equity performance and GDP growth premium



Positive outlook for Emerging Markets

Summary

- Strong investment performance with significant absolute & relative value available
- Improving investor sentiment continuing to drive flow momentum
- Business model delivering good operational and financial performance
- Emerging Markets specialism means Ashmore is well-positioned

Appendices

Appendix 1

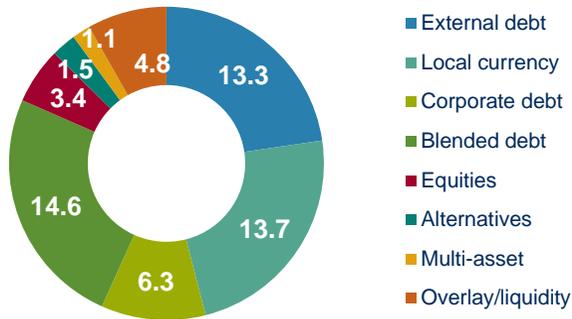
Net management and performance fees by theme

	FY2016/17 £m	FY2015/16 £m	FY2016/17 US\$m	FY2015/16 US\$m
External debt	48.9	37.0	61.4	54.5
Local currency	42.8	40.5	54.7	59.4
Corporate debt	25.9	21.9	33.0	32.1
Blended debt	57.8	52.3	74.0	76.6
Equities	21.5	22.3	27.4	32.7
Alternatives	12.8	10.9	15.8	15.9
Multi-asset	7.4	7.8	9.1	11.6
Overlay / liquidity	4.5	3.2	5.8	4.6
Total net management fee income	221.6	195.9	281.2	287.4

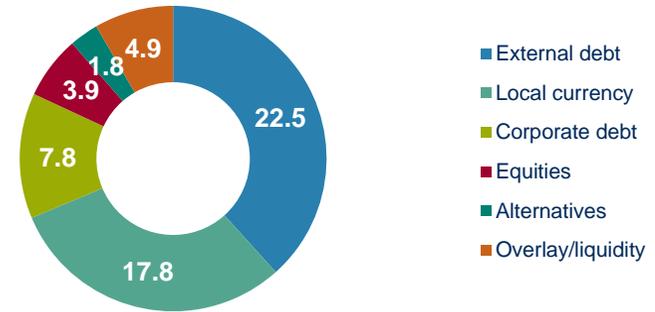
	FY2016/17 £m	FY2015/16 £m	FY2016/17 US\$m	FY2015/16 US\$m
External debt	9.4	1.5	12.4	2.1
Local currency	11.9	0.1	14.8	0.2
Corporate debt	1.8	0.2	2.4	0.2
Blended debt	2.6	0.1	3.2	0.1
Equities	0.9	-	1.2	-
Alternatives	1.0	8.5	1.3	12.5
Multi-asset	0.7	-	0.9	-
Overlay / liquidity	-	-	-	-
Total performance fee income	28.3	10.4	36.2	15.1

Appendix 2a Assets under management

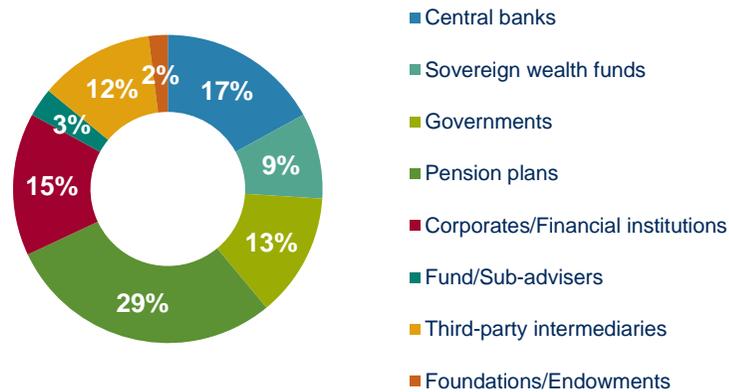
AuM by theme (US\$bn)



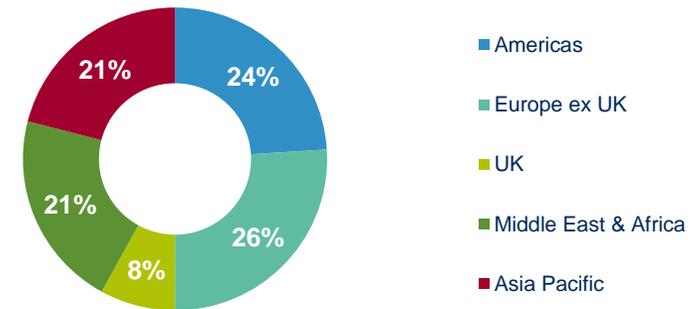
AuM as invested (US\$bn)



AuM by client type



AuM by client location



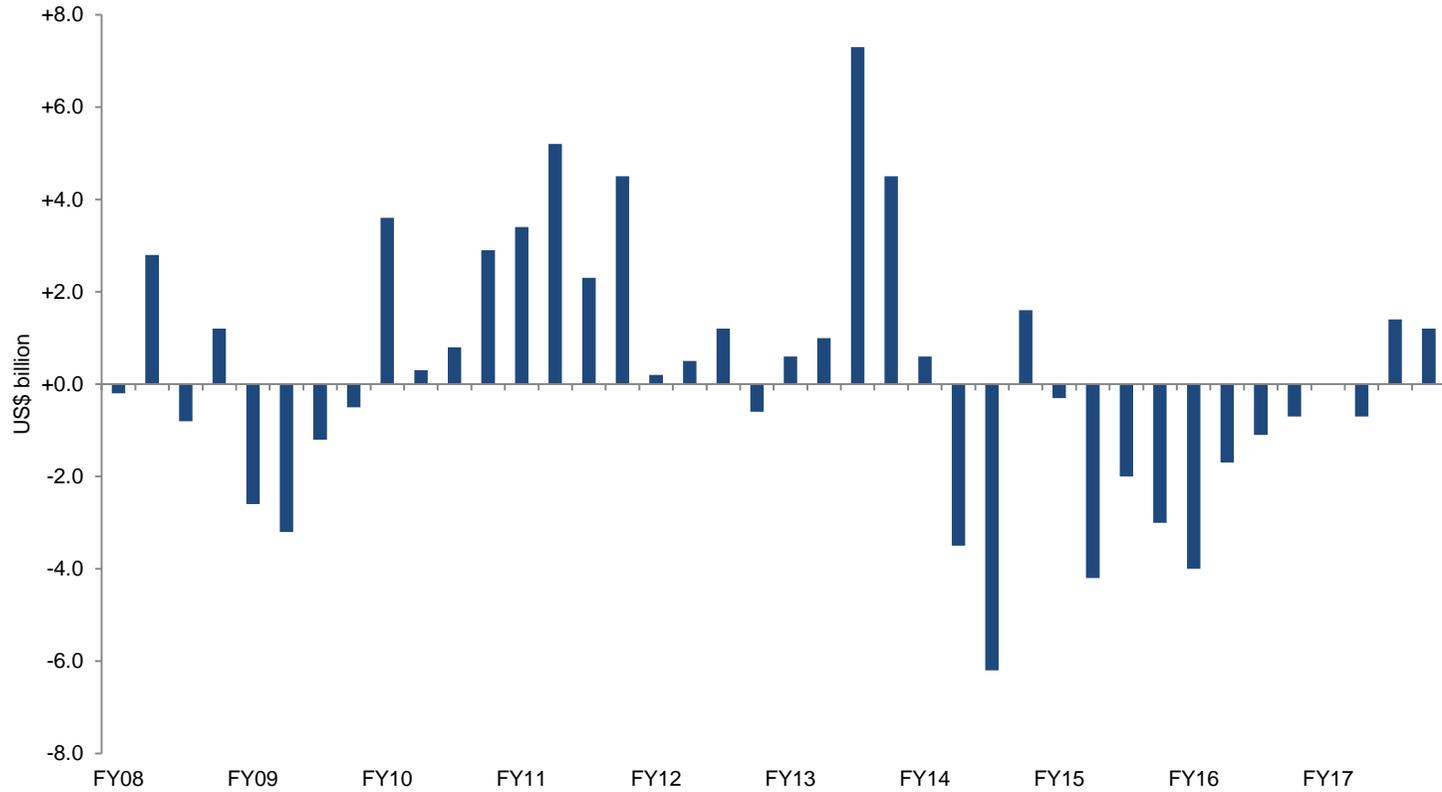
Appendix 2b

Investment themes

	External Debt (US\$13.3bn)	Local Currency (US\$13.7bn)	Corporate Debt (US\$6.3bn)	Equities (US\$3.4bn)	Alternatives (US\$1.5bn)	Overlay/ Liquidity (US\$4.8bn)
Global Emerging Markets Sub-themes	<ul style="list-style-type: none"> Broad Sovereign Sovereign, investment grade Short duration 	<ul style="list-style-type: none"> Bonds Bonds (Broad) FX FX+ Investment grade 	<ul style="list-style-type: none"> Broad High yield Investment grade Local currency Private Debt Short duration 	<ul style="list-style-type: none"> Global EM Value Global Small Cap Global Frontier Global Equity Opportunities Active equity 	<ul style="list-style-type: none"> Private Equity <ul style="list-style-type: none"> Healthcare Infrastructure Special Situations Distressed Debt Real Estate 	<ul style="list-style-type: none"> Overlay Hedging Cash Management
	Blended Debt (US\$14.6bn)					
	<ul style="list-style-type: none"> Blended debt 	<ul style="list-style-type: none"> Investment grade 	<ul style="list-style-type: none"> Absolute return 			
Regional / Country focused Sub-themes		<ul style="list-style-type: none"> Indonesia 	<ul style="list-style-type: none"> Latin America Asia 	<ul style="list-style-type: none"> Africa China India Indonesia Latin America Middle East Saudi Arabia 	<ul style="list-style-type: none"> Andean Asia GCC India 	
Multi-asset (US\$1.1bn)						
<ul style="list-style-type: none"> Global 						

Appendix 2c

Quarterly net flows



Appendix 3

AuM movements by theme and fund classification

US\$bn	AuM 30 June 2016	Performance	Gross subscriptions	Gross redemptions	Net flows	Reclassification	AuM 30 June 2017
External debt	11.7	1.0	2.2	(2.5)	(0.3)	0.9	13.3
Local currency	13.3	1.0	2.1	(2.7)	(0.6)	-	13.7
Corporate debt	5.0	0.7	2.6	(2.0)	0.6	-	6.3
Blended debt	13.7	1.1	4.0	(3.3)	0.7	(0.9)	14.6
Equities	3.1	0.4	1.1	(1.2)	(0.1)	-	3.4
Alternatives	1.5	(0.1)	0.1	-	0.1	-	1.5
Multi-asset	1.2	0.1	0.1	(0.3)	(0.2)	-	1.1
Overlay / liquidity	3.1	-	2.6	(0.9)	1.7	-	4.8
Total	52.6	4.2	14.8	(12.9)	1.9	-	58.7

US\$bn	30 June 2017	30 June 2016
Ashmore sponsored funds	17.3	14.2
Segregated accounts	39.3	36.8
White label / other	2.1	1.6
Total	58.7	52.6

Appendix 4 Foreign exchange

- Over the period, GBP:USD moved in wide range from 1.19 to 1.35
 - Year-end rate moved from 1.3234 to 1.2946
 - Average rate 1.2766 vs 1.4759 in FY2015/16
- P&L FX effects in FY2016/17:
 - Translation of net management fees +£30.6 million
 - Translation of non-Sterling balance sheet items +£7.8 million
 - Net FX hedges -£2.8 million
 - Seed capital +£13.4 million
- Managed US dollar cash exposure through US\$95 million of spot sales

FX sensitivity:

- ~£6.5 million PBT for 5c movement in GBP:USD rate
 - £4.5 million for cash deposits (in 'foreign exchange')
 - £2.0 million for seed capital (in 'finance income')

Currency exposure of cash⁽¹⁾

	30 June 2017 £m	%	30 June 2016 £m	%
US dollar	241.6	57	119.1	33
Sterling	149.7	36	212.6	59
Other	28.8	7	26.7	8
Total	420.1		358.4	

(1) Excludes consolidated funds. See Appendix for reconciliation to statutory consolidated cash flow statement

Currency exposure of seed capital

	30 June 2017 £m	%	30 June 2016 £m	%
US dollar	188.3	90	189.2	80
Indonesian rupiah	5.0	2	33.9	14
Colombian peso	9.6	5	7.6	3
Other	7.3	3	7.8	3
Total	210.2		238.5	

Appendix 5

Cash flows and consolidated funds FY2016/17

£m	As reported	Consolidated funds	Group ex funds
Cash from operations	171.3	(3.5)	174.8
Taxation	(47.5)	-	(47.5)
Interest received	9.2	6.4	2.8
Acquisitions/disposals	4.8	-	4.8
Seeding activities	68.1	3.6	64.5
Dividends paid	(118.9)	-	(118.9)
Treasury/own shares	(11.8)	-	(11.8)
FX and other	(6.7)	0.3	(7.0)
Increase/(decrease) in cash	68.5	6.8	61.7
Opening cash & cash equivalents	364.0	5.6	358.4
Closing cash & cash equivalents	432.5	12.4	420.1

Appendix 6 Investment performance

30 June 2017	1yr		3yr		5yr	
	<i>Ashmore</i>	<i>Benchmark</i>	<i>Ashmore</i>	<i>Benchmark</i>	<i>Ashmore</i>	<i>Benchmark</i>
External debt						
Broad	11.1%	6.0%	6.8%	5.4%	7.1%	5.7%
Sovereign	8.8%	6.0%	6.4%	5.4%	6.6%	5.7%
Sovereign IG	3.5%	2.6%	4.3%	4.3%	4.3%	4.1%
Local currency						
Bonds	8.9%	6.4%	-1.7%	-2.8%	0.4%	-0.7%
Corporate debt						
Broad	19.5%	6.8%	4.9%	4.8%	6.8%	5.6%
HY	24.5%	11.6%	3.4%	5.5%	6.7%	7.1%
IG	5.1%	3.9%	4.3%	4.1%	5.2%	4.7%
Blended debt						
Blended	10.5%	5.9%	4.7%	1.4%	5.2%	2.6%
Equities						
Global equities	39.3%	23.8%	2.6%	1.1%	5.3%	4.0%
Global small cap	24.0%	17.0%	3.9%	0.8%	7.2%	5.2%
Frontier	24.8%	19.2%	5.0%	-3.4%	14.4%	8.6%

See Appendix 7 for related disclosures

Appendix 7

Disclosures

Page 16:

- Gross performance is shown, weighted by fund AuM, to provide a representative view to analysts and shareholders of Ashmore's investment performance over relevant time periods
- Only funds at 30 June 2017 and with a performance benchmark are included, which specifically excludes funds in the Alternatives and Overlay/liquidity investment themes
- 95% of AuM at 30 June 2017 is in funds with a one year track record; 86% with three years; and 60% with five years
- Reporting of investment performance to existing and prospective fund investors is specific to the fund and the investor's circumstances and objectives and may, for example, include net as well as gross performance

Appendix 6:

Source: Ashmore (un-audited), JP Morgan, Morgan Stanley

- Returns gross of fees, dividends reinvested.
- Annualised performance shown for periods greater than one year.
- Within each investment theme category, all relevant Ashmore Group managed funds globally that have a benchmark reference point have been included.

Benchmarks

External debt Broad	JPM EMBI GD
External debt Sovereign	JPM EMBI GD
External debt Sovereign IG	JPM EMBI GD IG
Local currency Bonds	JPM GBI-EM GD
Blended debt	50% EMBI GD 25% GBI-EM GD 25% ELMi+
Corporate debt Broad	JPM CEMBI BD
Corporate debt HY	JPM CEMBI BD NIG
Corporate debt IG	JPM CEMBI BD IG
Global equities	MSCI EM net
Global small cap	MSCI EM Small Cap net
Frontier	MSCI Frontier net

IMPORTANT INFORMATION

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